



# CLEAR LAKE SHORES **ADOPTED BUDGET**

— OCTOBER 1, 2020 TO SEPTEMBER 30, 2021

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A VIEW OF CLEAR LAKE SHORES FROM CLEAR LAKE CHANNEL



# City of Clear Lake Shores

1006 South Shore Drive Clear Lake Shores, Texas 77565

[www.clearlakeshores-tx.gov](http://www.clearlakeshores-tx.gov)



October 1, 2020

Honorable Mayor, City Council Members and Residents of Clear Lake Shores:

It is an honor to present the Fiscal Year 2021 (FY21) Annual Operating Budget. The budget is a financial plan for the City, a policy tool for the City Council, an operation guide for staff and a communications tool to the public.

The year 2020 has proven to have a unique list of challenges, topping that list was Novel Coronavirus SARS-CoV-2 (COVID-19). This virus encompassed the globe and attained pandemic status rather quickly. As steps were taken to prevent infection, transmission and loss of life, businesses and jobs were lost around the globe. The full economic impact will not be known for some time as some businesses are still operating below pre-pandemic levels. Clear Lake Shores has seen an uptick in sales tax revenue due to on-line sales and home delivery as consumers work around the challenges. Our big box, anchor retailers and franchise restaurants have remained stable.

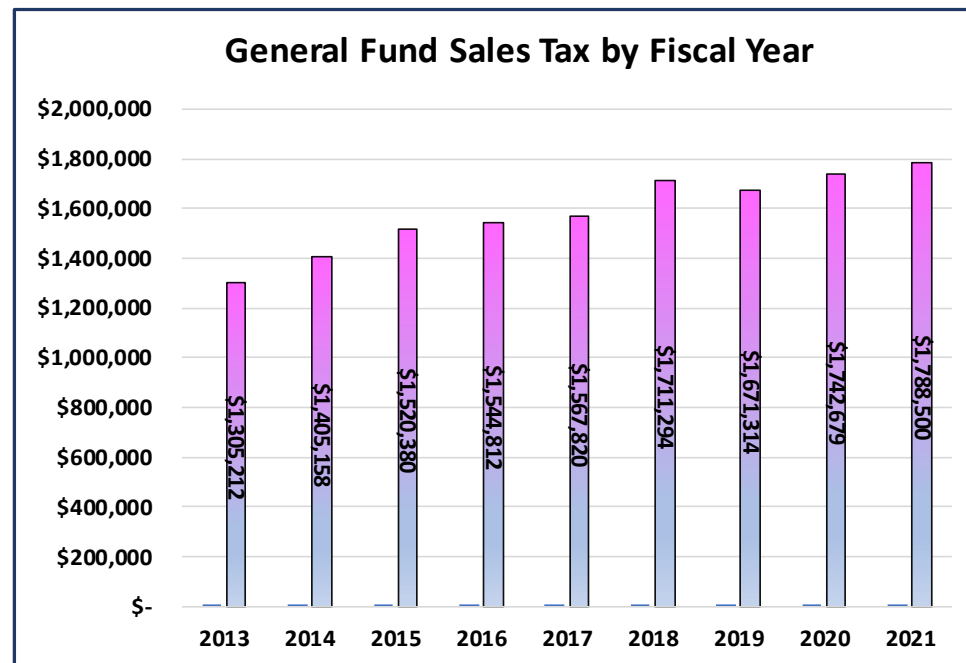
## **ECONOMIC OUTLOOK**

The City of Clear Lake Shores Economic Development Corporation (EDC) was formed by voters in an election in 1996. The EDC is funded by one quarter of one percent (0.25%) sales tax collected on all taxable sales within the city. The EDC is regulated by state statutes that dictate how it may utilize these funds.

The City's Economic Development Corporation is interested in retaining, expanding and recruiting businesses that meet two primary goals; the enhancement of the unique island lifestyle enjoyed by the city's residents and the generation of retail sales tax. In response to COVID-19, the EDC was the first in the state to offer small business retention grants to local businesses. This helped tremendously in retaining all businesses in the city as of the writing of this letter. Additional Texas cities followed Clear Lake Shores Economic Development Corporation example by creating similar grant opportunities.

The recruiting of new businesses is a priority and incentives may be offered to these businesses. As every new business has different needs, a plan will be developed to address those needs as requested. Businesses that contribute to the unique lifestyle and flavor of Clear Lake Shores and generate sales supporting sales tax revenue be key considerations in developing an incentive package. One such agreement was reached with a relocating marine-based business in 2019 and continues today with performance benchmarks and jobs being made and retained. The agreement offers incentives for improvements to the business location and rebates of resulting sales tax revenue for sales within Clear Lake Shores.

Sales tax represents the largest percent of revenue sources for the City of Clear Lake Shores. Sales tax collections were higher than FY19 increasing 5.47%. As of September 2020, collections are normalizing, sales tax revenues are budgeted at a 2% increase in FY21. Overall the State of Texas will realize less than 1% increase. In addition to normal, non-storm recovery, sales levels this increase is directly attributed to on-line sales and home delivery of goods by residents.



The housing market in Clear Lake Shores remains strong. According to har.com, Clear Lake Shores has 526 single family properties with 1,890 median square feet. The median year built is 1991 with home values ranging between \$199,000 - \$2,400,000. The median sold price per square foot is \$202.37 while the median appraised value is \$135.72 per square foot. The current real estate listing of available homes range from \$293,000 - \$1,950,000, with price per square foot ranging from \$198 - \$430.

Quick overview of current real estate market: (Source: har.com)

- Clear Lake Shores has 14 homes for sale with average list price \$ 415,000.
- Clear Lake Shores has 2 homes for rent ranging from \$1,150 to \$1,900/mo.

Demographics of Clear Lake Shores: (Source: trulia.com)

- 30% - Single Residents
- 78% - Homeowners
- 54 – Median Age
- \$106,563 – Median Household Income
- 58% - College Educated

The construction phase for Phase I of the State Highway 146 Expansion Project is now in full swing and ahead of schedule. The project will expand the highway in a fashion like other parts of SH 146 that run through the city of La Porte. Beginning at Red Bluff Road, the highway will be expanded south through Kemah. A new expressway bridge will be built west of and parallel to the Kemah-Seabrook Bridge. The current bridge will remain and serve as a frontage road for motorist.

Specifically, the project will consist of the following:

- Widen and restructure the existing facility to a six- to 12-lane freeway.
- Add grade separations at major intersections in Seabrook.
- Add access roads in selected locations.
- Add elevated express lanes over Clear Creek and through Kemah.

It is difficult to gauge how this will affect the city; the city is hopeful for a minimal effect as there will be new exit ramp options allowing traffic to exit and have access to the businesses along FM 2094 including Target and Home Depot.



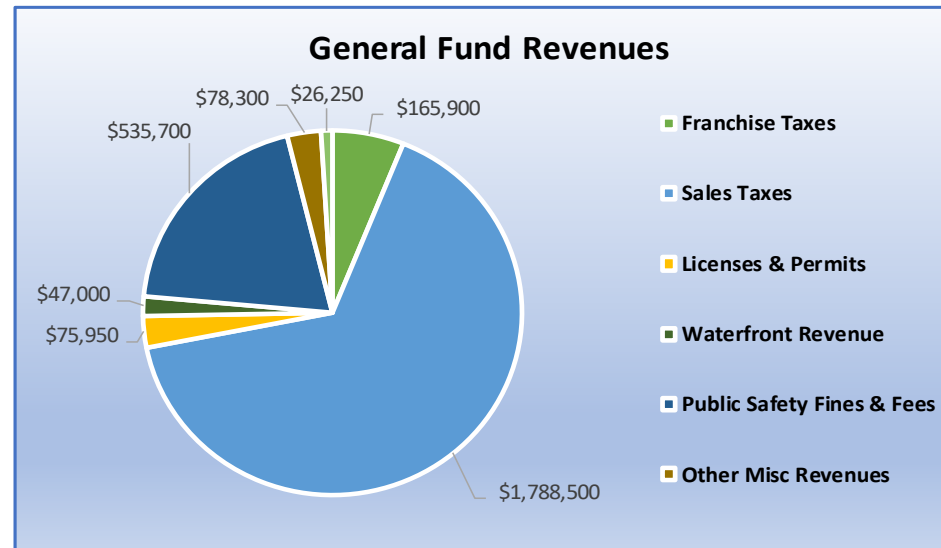
## **BUDGET OVERVIEW**

The FY21 budget totals \$2,717,600 and anticipated expenditures/transfers are \$2,795,286 resulting in an overall budget shortage of \$77,686 or 2.85%. Although a deficit position is not ideal, it is expected to not be year end, after budget estimates are replaced with actual cost. As an example, a single budget item, based on the received quote is \$26,000 less than the budget estimate prior to adoption.

The overall budget approach was based on zero base method. This method requires explanation of expenditures starting at zero, or no funding. Then specific requests were identified by Department Heads. The budget is submitted by the Department Head; then were reviewed by the City Administrator and then presented to City Council. City staff was aware of the challenges specific to this fiscal year prior to the start of the budgetary process. The proposed budget was reviewed and discussed by the Mayor and City Council; the Mayor and City Council then made the final determinations as to which requests would be included in the budget. The budget was presented for public review and then was approved by unanimous vote by the city council.

### ***General Fund Revenues***

General Fund revenues are expected to total \$2,717,600. Sales Taxes are anticipated to account for slightly over 66% of all expected revenue.



### ***General Fund Expenses***

General Fund expenses are expected to total \$2,795,286 which is a 3.35% increase from FY20 projected expenses and a 3.1% increase from the FY20 original adopted budget.

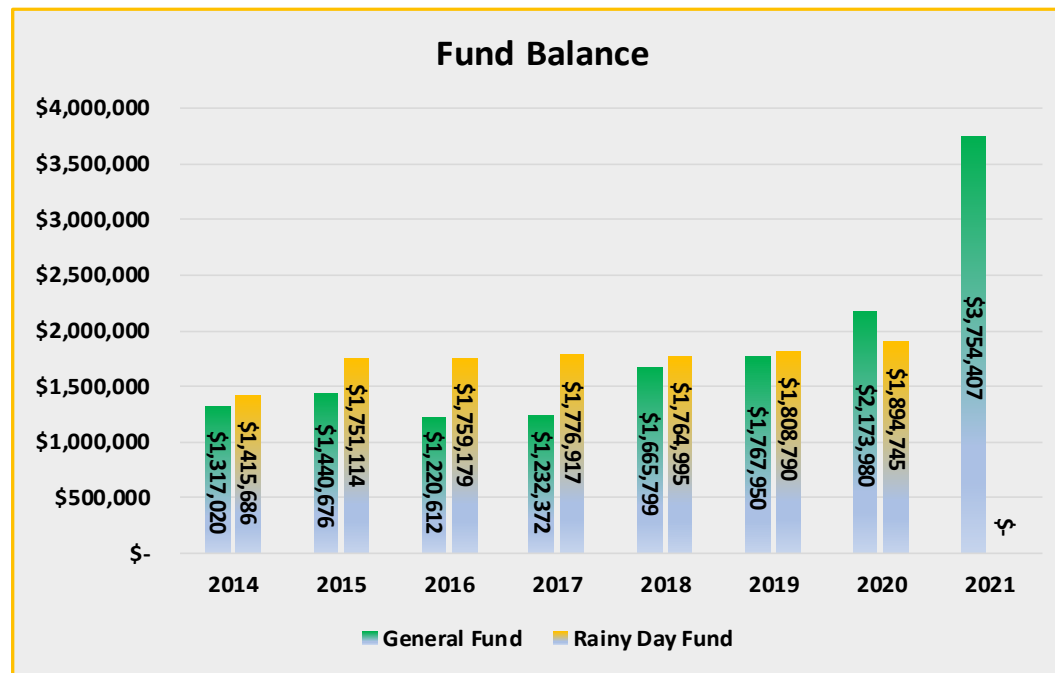
Increases in personal services reflect the desire to implement merit-based salary increases in lieu of across the board. The City's health insurance premiums are estimated to increase by 5%; the actual costs of the premiums will not be known until December 2020. The City's retirement contribution rate for the 2021 calendar year increased to 10.90%, this rate is based on the contribution needed to maintain the retirement fund.

### ***Fund Balance***

Fund Balance is when liabilities are subtracted from assets, there is a fund balance. A positive fund balance means there are more assets than liabilities; a negative fund balance means just the opposite. Fund balance can be complicated by the fact that part of the fund balance is reserved and part unreserved. The difference between reserved and unreserved is that the unreserved can potentially be authorized for future expenditures while the reserved cannot. Additionally, the fund balance is a residual and not necessarily a cash amount available immediately.

The General Fund's estimated ending fund balance for FY21 is \$3,754,407, representing 16 months of continued operations with no revenue should we experience any type of disaster.

The Rainy Day Fund, was merged with the General Fund in August 2020 at the request of council to make the fund balances more inclusive of the entire total.



### ***Capital Equipment Fund***

The Capital Equipment Fund has an ending fund balance of \$236,837 for FY20. Funds are restricted to the acquisition and replacement of vehicles and equipment. FY20 the police patrol boat received a new power upgrade with a new outboard and controls and a new police chief vehicle was acquired and outfitted. The previous chief vehicle was passed down through the fleet and a vehicle that would normally be decommissioned and sold has been retained as decoy vehicle. FY21 will see either refurbishment or replacement of an existing backhoe/loader used by Public Works. There is also an anticipated computer server replacement for FY21.

### ***Roads & Drainage Fund***

The Roads & Drainage Fund's FY21 budget includes funding of \$630,000 for the planning, engineering, design and construction of prioritized paving projects and road maintenance. This is an increase over previous years due to anticipated higher costs for engineering and inspection. Road inventory, planning and projections have started, and minor projects are expected to be completed in FY20. There is also anticipated costs for minor repairs not requiring engineering services such as crack sealing for pavement preservation and ditch profiling and drain cleaning.

### ***Plaza Ten 06 Corporation***

The Plaza Ten 06 Corporation has a relatively small fund balance with minimal expenses. FY20 saw maintenance of the roof and installation of a natural gas service to the property. The budget for FY21 includes revenues in the form of lease payments from Sidewalks Brands/DBA Okie's.

### ***Economic Development Corporation***

The Economic Development Corporation's budget includes funding for parking lot lighting and landscaping at Clear Lake Road parking lot (formerly the Lee property), funding of an anticipated Texas Park and Wildlife grant (with 75% reimbursement), and Dror Rd. development as part of a cooperative project with Galveston County and City of Kemah, as well as other projects approved by the Board.

### ***Conclusion***

This budget is submitted with the standards set forth by the Mayor and City Council of the City of Clear Lake Shores.

I would like to recognize the City's department heads, supervisors, employees, contracted employees, committee volunteers and residents. It takes buy-in, commitment and contribution at every level to develop a sustainable and implementable budget for the city. Everyone brings value to the process, with experience, institutional knowledge, ideas and vision. I appreciate all who contributed to the budget process.

As always, Clear Lake Shores will continue to celebrate sunsets and welcome each sunrise.

Sincerely,

A handwritten signature in black ink, appearing to read "Brent S. Spier".

Brent S. Spier

City Administrator



## **ABOUT THE CITY CLEAR LAKE SHORES**

The City of Clear Lake Shores is a city in Galveston County, Texas, within the Houston–Sugar Land–Baytown metropolitan area. Clear Lake Shores is regarded as "The Yachting Capital of Texas", as the city has more boat slips than people. As of the 2010 census, the city population was 1,063.



During the oil boom years of the 1920s, developers began to sell properties around the Clear Lake estuary as waterfront recreational retreats. The new development was named "Clear Lake Shores". Though the development was initially successful, the Great Depression halted most of the area's growth. After World War II the area began to redevelop with increasing numbers of permanent residents (as opposed to simply weekend residents). The town incorporated in 1962 and has since continued to be primarily residential with a small, tourism-focused business community. The city has a total area of 0.78 square miles, of which 0.5 square miles is land and 0.28 square miles, or 35.89%, is water.

Today, the City of Clear Lake Shores has a very wide diversified group of property owners who share a love of living by the water and riding on their customized golf carts, their main means of transportation. The Island has many community events throughout the year including Jammin' on Jarboe, Children's Fishing Derby's, Parades, Holiday functions, Community Dinners and nightly sunsets at one of their beautiful parks.

Clear Lake Shores is served by the Clear Creek Independent School District. Pupils are zoned to Stewart Elementary School in Kemah, Bayside Intermediate School in League City, and Clear Falls High School in League City.

## **Mayor**

Kurt Otten

## **City Council**

Angie Terrell, Mayor Pro-Tem

Amanda Fenwick

Jan Bailey

Christy Lyons

Mark Thompson

## **Administrative Staff**

Brent Spier, City Administrator

Christy Stroup, City Secretary

Tracy “TK” Keele, Chief of Police

Kevin Harrell, Building Inspector

Angie Galvan, Assistant City Secretary

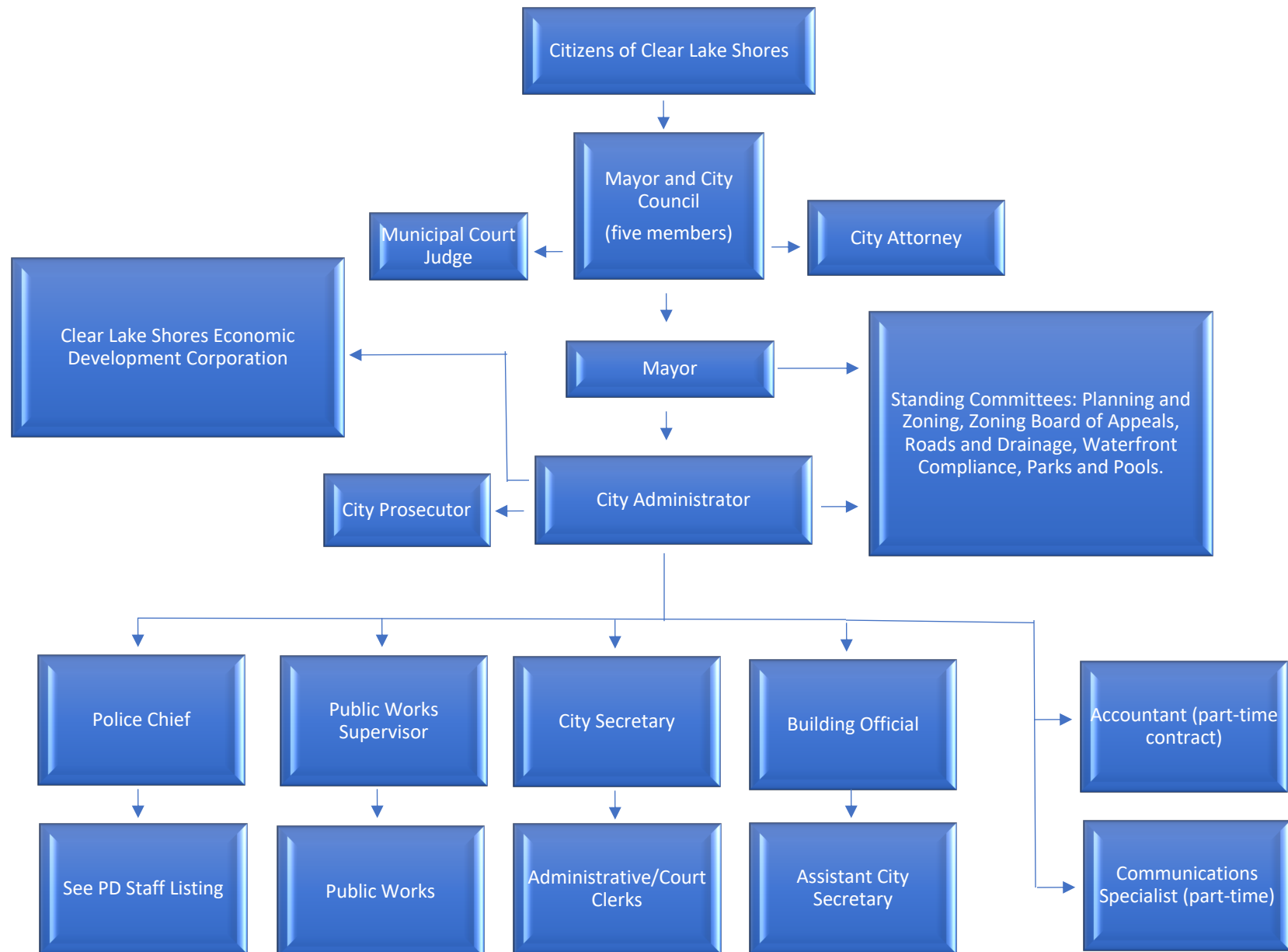
Tiffany Wilson, Municipal Court Clerk

Salina Llanes, Municipal Court Clerk

**CITY OF CLEAR LAKE SHORES  
BUDGET PLAN AND CALENDAR  
FY21  
OCTOBER 1, 2020 - SEPTEMBER 30, 2021**

Target Date	Action	Responsible Party
June 16, 2020	Budget Workshop #1	City Administrator/City Council
June 25, 2020	Distribute Budget Forms to Departments Due July 9, 2020	City Administrator
July 21, 2020	Budget Discussion	City Administrator/City Council
July 9 - August 4, 2020	Develop Preliminary Revenue and Expenditure Estimates	City Administrator
August 4, 2020	Budget Workshop #2	City Administrator/City Council
August 12, 2020	Budget Workshop #3	City Administrator/City Council
August 14, 2020	Proposed Budget available for public inspection at City Hall	City Administrator
August 14, 2020	Publish Notice of Public Hearing	City Secretary
September 1, 2020	Hold Public Hearing on Budget/Adoption of FY21 Budget	City Administrator/City Council
October 1, 2020	Implementation of FY21 Budget	City Administrator and Staff

# City of Clear Lake Shores Organizational Chart FY21



**FY21 APPROVED BUDGET CLEAR LAKE SHORES, TEXAS**

	<b>General Fund</b>	<b>Rainy Day Fund</b>	<b>Capital Equipment Fund</b>	<b>Roads &amp; Drainage Fund</b>	<b>Plaza Ten-06 Corporation Fund</b>	<b>Economic Development Fund</b>	<b>TOTALS</b>
<b>Estimated Beginning Fund Balance 10/1/2020</b>	<b>\$ 3,832,093</b>	<b>\$ -</b>	<b>\$ 236,837</b>	<b>\$ 1,333,902</b>	<b>\$ 68,085</b>	<b>\$ 853,363</b>	<b>\$ 6,324,280</b>
<b>Estimated Revenue:</b>							
<b>Taxes:</b>							-
Franchise/Right of Way	165,900	-	-	-	-	-	165,900
Property	-	-	-	-	-	-	-
Sales	1,750,000	-	-	280,000	-	280,000	2,310,000
Mixed Drink	38,500	-	-	-	-	-	38,500
<b>Licenses &amp; Permits:</b>							
Business Licenses & Permits	500	-	-	-	-	-	500
Beverage	1,200	-	-	-	-	-	1,200
Building & Remodeling	42,000	-	-	-	-	-	42,000
Electrical/Plumbing/Mechanical	18,500	-	-	-	-	-	18,500
Culverts/Driveways	500	-	-	-	-	-	500
Bulkheads	500	-	-	-	-	-	500
Fences/Roofs/Signs	6,250	-	-	-	-	-	6,250
Demolition	2,000	-	-	-	-	-	2,000
Stop Work	-	-	-	-	-	-	-
Plat Applications	1,500	-	-	-	-	-	1,500
Miscellaneous	3,000	-	-	-	-	-	3,000
<b>Waterfront:</b>							
Lease Fees	41,000	-	-	-	-	-	41,000
Transfer Fees	3,000	-	-	-	-	-	3,000
Lot Auctions	3,000	-	-	-	-	-	3,000
<b>Police Fees and Fines:</b>							
Fines	500,000	-	-	-	-	-	500,000
Warrant/Defendant Dispositions	12,000	-	-	-	-	-	12,000
Administrative Fees	16,000	-	-	-	-	-	16,000
Restricted Fees	7,700	-	-	-	-	-	7,700
<b>Miscellaneous Revenues:</b>							
Pool Membership/Passes	20,150	-	-	-	-	-	20,150
Rental Income	4,000	-	-	-	-	-	4,000
Interest Income	38,000	-	3,500	11,800	750	9,000	63,050
Other Miscellaneous Revenues	16,150	-	-	-	24,000	-	40,150
Intergovernmental Revenue	26,250	-	-	-	-	-	26,250
Transfers In from Other Funds	-	-	40,000	100,000	-	-	140,000
Other Financing Sources/(Uses)	-	-	-	-	-	-	-
<b>Total</b>	<b>2,717,600</b>						
<b>Total Available for Appropriation</b>	<b>\$ 6,549,693</b>	<b>\$ -</b>	<b>\$ 280,337</b>	<b>\$ 1,725,702</b>	<b>\$ 92,835</b>	<b>\$ 1,142,363</b>	<b>\$ 9,790,930</b>
<b>Estimated Expenditures &amp; Transfers:</b>							
City Council	86,500	-	-	-	-	-	86,500
Administration	206,422	-	-	-	-	-	206,422
City Secretary/Municipal Court	274,614	-	-	-	-	-	274,614
Parks	-	-	-	-	-	-	-
Police	1,036,065	-	-	-	-	-	1,036,065
Building Inspection/Code Enforcement	182,048	-	-	-	-	-	182,048
Public Works	156,080	-	35,000	630,000	-	-	821,080
Swimming Pool	124,000	-	-	-	-	-	124,000
Public Safety(Emergency Management)	49,000	-	-	-	-	-	49,000
General Government	540,557	-	-	-	-	-	540,557
Economic Development	-	-	-	-	-	668,500	668,500
Plaza Ten 06 Corporation	-	-	-	-	2,000	-	2,000
Transfers to Other Funds	140,000	-	-	-	-	-	140,000
<b>Total Expenditures &amp; Transfers</b>	<b>\$ 2,795,286</b>	<b>\$ -</b>	<b>\$ 35,000</b>	<b>\$ 630,000</b>	<b>\$ 2,000</b>	<b>\$ 668,500</b>	<b>\$ 4,130,786</b>
<b>Estimated Fund Balance 9/30/2021</b>	<b>\$ 3,754,407</b>	<b>\$ -</b>	<b>\$ 245,337</b>	<b>\$ 1,095,702</b>	<b>\$ 90,835</b>	<b>\$ 473,863</b>	<b>\$ 5,660,144</b>

# GENERAL FUND

The General Fund is used to account for all financial resources that are not restricted to a specific purpose or otherwise required to be accounted for in another fund. The General Fund is established at the inception of the government (Ordinance 1-62, on November 13, 1962) and exists throughout the government's life.



# 2020-21 City of Clear Lake Shores Annual Budget

## Revenue

GENERAL FUND						
Account	Description	FY19 Actual	FY20 Budget	FY20 Estimate	FY21 Request	FY21 Approved
	<b><u>Franchise Taxes:</u></b>					
100414	Solid Waste	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
100415	Electric Franchise	120,824	121,000	120,464	121,000	121,000
100416	Gas Franchise	4,949	5,000	4,842	5,000	5,000
100417	Cable TV Franchise	27,205	-	26,974	27,000	27,000
100418	Telephone Franchise	4,379	4,300	2,481	2,500	2,500
100419	Cable PEG - Restricted	5,441	-	5,394	5,400	5,400
	Total Franchise Taxes	\$ 167,798	\$ 135,300	\$ 165,155	\$ 165,900	\$ 165,900
	<b><u>Property Taxes:</u></b>					
100402	Property Taxes	\$ 3	\$ -	\$ 6	\$ -	\$ -
100404	Property Tax Interest & Penalties	4	-	9	-	-
	Total Property Taxes, Int. & Penalties	\$ 7	\$ -	\$ 15	\$ -	\$ -
	<b><u>Sales Taxes:</u></b>					
100406	General Sales & Use Tax	\$ 1,601,773	\$ 1,600,000	\$ 1,689,301	\$ 1,750,000	\$ 1,750,000
100407	Mixed Beverage Sales Tax	20,646	20,000	20,197	22,000	22,000
100408	Mixed Beverage Tax	16,907	16,500	16,507	16,500	16,500
	Total Sales & Use Tax	\$ 1,639,325	\$ 1,636,500	\$ 1,726,005	\$ 1,788,500	\$ 1,788,500
	<b><u>Licenses &amp; Permits:</u></b>					
100425	Business Licenses & Permits	\$ 455	\$ 400	\$ 1,325	\$ 500	\$ 500
100426	Alcoholic Beverage Permits	560	1,000	1,905	1,200	1,200
100427	Building Permits	83,280	30,000	46,843	35,000	35,000
100428	Remodeling Permits	7,398	6,000	36,736	7,000	7,000
100429	Electrical Permits	6,725	6,000	4,400	7,000	7,000
100430	Plumbing/Gas Permits	8,099	8,000	3,300	8,000	8,000
100431	Mechanical Permits	3,300	3,000	3,725	3,500	3,500
100432	Culvert & Fill Permits	475	1,000	831	500	500
100433	Bulkhead/Pier Permits	375	1,000	450	500	500
100434	Fence Permits	1,290	1,300	1,561	1,500	1,500
100435	Roof Permits	5,582	1,800	4,420	4,000	4,000
100436	Sign Permits	1,173	500	48	750	750
100437	Demolition Permits	2,001	500	5,780	2,000	2,000
100438	Stopwork Orders/Premature Work	-	100	-	-	-
100439	Plat/Replat Application Fees	1,000	1,500	2,291	1,500	1,500
100440	Other Licenses & Permits	2,807	3,000	3,537	3,000	3,000
	Total Licenses & Permits	\$ 124,519	\$ 65,100	\$ 115,827	\$ 75,950	\$ 75,950

# 2020-21 City of Clear Lake Shores Annual Budget Revenue

GENERAL FUND						
Account	Description	FY19 Actual	FY20 Budget	FY20 Estimate	FY21 Request	FY21 Approved
	<b><u>Waterfront Revenue:</u></b>					
100450	Yearly Lease Payments	\$ 40,915	\$ 40,000	\$ 41,000	\$ 41,000	\$ 41,000
100452	Waterfront Transfer Fees	3,000	3,000	4,500	3,000	3,000
100453	Waterfront Rights Proceeds	-	1,500	28,260	3,000	3,000
	Total Waterfront Revenue	\$ 43,915	\$ 44,500	\$ 73,760	\$ 47,000	\$ 47,000
	<b><u>Public Safety Fines &amp; Fees:</u></b>					
100466	Court Fines	\$ 672,811	\$ 600,000	\$ 326,704	\$ 500,000	\$ 500,000
100467	Warrant Fees/Disposition Fees	30,181	30,000	28,200	12,000	12,000
100468	Time Payment Fees	10,498	10,000	7,039	4,000	4,000
100483	State Court Cost Revenues-City	22,245	23,000	8,952	12,000	12,000
100484	Court Security Fees-Restricted	12,206	2,500	4,865	1,200	1,200
100485	Truancy Prevention Fund-Restricted	-	-	1,553	-	-
100486	Child Safety Fees-Restricted	16,856	6,000	3,639	3,000	3,000
100487	Court Technology Fees-Restricted	16,279	7,000	5,910	3,500	3,500
	Total Public Safety Fines & Fees	\$ 781,075	\$ 678,500	\$ 386,862	\$ 535,700	\$ 535,700
	<b><u>Other Miscellaneous Revenue:</u></b>					
100460	Pool Memberships	\$ 25,471	\$ 25,000	\$ 15,516	\$ 20,000	\$ 20,000
100461	Pool Guest Passes	125	150	125	150	150
100463	Clubhouse/Pavilion Rentals	3,575	5,000	3,600	4,000	4,000
100473	PD Seizure-Restricted	2,720	-	-	-	-
100474	PD Donations-Restricted	5,188	2,500	2,020	2,500	2,500
100475	Copies	318	400	250	400	400
100476	Miscellaneous Revenue	863	1,000	692	750	750
100477	Proceeds of Insurance Claims	9,150	-	-	-	-
100480	Interest Income	83,219	75,600	43,124	36,000	36,000
100481	Interest Income - Restricted	3,608	3,500	2,200	2,000	2,000
100482	Intermodal Permit Fees	-	-	4,753	4,500	4,500
100488	Employee FSA Contributions	7,320	8,000	7,808	8,000	8,000
	Total Miscellaneous Revenue	\$ 141,558	\$ 121,150	\$ 80,088	\$ 78,300	\$ 78,300
	<b><u>Intergovernmental Revenue:</u></b>					
100478	Grant Revenue	\$ -	\$ -	\$ 5,717	\$ -	\$ -
100478a	FEMA Disaster Relief (Harvey)	91,824	-	-	-	-
100478b	LEOSE Grant	1,253	1,250	1,241	1,250	1,250
100478c	Corona Virus Relief (CARES ACT)	-	-	12,804	25,000	25,000
	Total Intergovernmental Revenue	\$ 93,077	\$ 1,250	\$ 19,762	\$ 26,250	\$ 26,250

# 2020-21 City of Clear Lake Shores Annual Budget Revenue

GENERAL FUND						
Account	Description	FY19 Actual	FY20 Budget	FY20 Estimate	FY21 Request	FY21 Approved
	<b><u>Transfers In From Other Funds:</u></b>					
100609	Transfer From EDC	-	-	150,000	-	-
	Total Transfers In From Other Funds	\$ -	\$ -	\$ 150,000	\$ -	\$ -
	<b>Total General Fund Revenue</b>	<b>\$ 2,991,275</b>	<b>\$ 2,682,300</b>	<b>\$ 2,717,474</b>	<b>\$ 2,717,600</b>	<b>\$ 2,717,600</b>
100417/418	2019 TX SB1152 Changes Telcommunication fees to pay only the highest of two previously collected fees.					

## 2020-21 Clear Lake Shores Annual Budget Summary by Department

GENERAL FUND					
Department	FY19 Actual	FY20 Budget	FY20 Estimate	FY21 Request	FY21 Approved
City Council	\$ 48,478	\$ 68,500	\$ 65,392	\$ 86,500	\$ 86,500
Administration	162,476	208,499	184,683	206,422	206,422
City Secretary/Municipal Court	230,133	258,970	253,298	274,614	274,614
Parks (see combined Parks & Pool)	-	-	-	-	-
Police	1,011,960	1,033,104	938,082	1,036,065	1,036,065
Building Inspections/Code Enforcement	157,936	172,021	161,127	182,048	182,048
Public Works	140,174	153,363	150,544	156,080	156,080
Parks & Pool	37,710	56,000	40,761	124,000	124,000
Public Safety	37,318	46,500	46,665	49,000	49,000
General Government	565,501	597,218	744,029	540,557	540,557
Transfers Out:	180,000	120,000	120,000	140,000	140,000
<b>TOTAL</b>	<b>\$ 2,571,685</b>	<b>\$ 2,714,175</b>	<b>\$ 2,704,581</b>	<b>\$ 2,795,286</b>	<b>\$ 2,795,286</b>
Beginning Fund Balance 10/1	\$ 3,399,611	\$ 3,819,201	\$ 3,819,201	\$ 3,832,093	\$ 3,832,093
Add: Revenue	2,991,275	2,682,300	2,717,474	2,717,600	2,717,600
Available for Appropriation	\$ 6,390,886	\$ 6,501,501	\$ 6,536,675	\$ 6,549,693	\$ 6,549,693
Less: Expenditures	2,571,685	2,714,175	2,704,581	2,795,286	2,795,286
Ending Fund Balance 9/30	\$ 3,819,201	\$ 3,787,326	\$ 3,832,093	\$ 3,754,407	\$ 3,754,407

# 2020-21 City of Clear Lake Shores Annual Budget

## Line Item Summary

GENERAL FUND					
Line Items	FY19 Actual	FY20 Budget	FY20 Estimate	FY21 Request	FY21 Approved
501 - Wages & Salaries	\$ 1,086,753	\$ 1,119,159	\$ 1,100,331	\$ 1,158,451	\$ 1,158,451
502 - Overtime	1,396	1,750	-	1,750	1,750
503 - Medicare Tax (Employer Share)	15,637	15,682	16,022	16,452	16,452
504 - Retirement (Employer Share)	120,531	116,141	120,030	122,714	122,714
505 - Medical, Dental & Life Ins.	207,096	209,550	212,305	223,312	223,312
506 - Police Holiday Pay	21,921	26,000	22,407	24,000	24,000
507 - Other Employment Services	527	1,500	3,243	3,500	3,500
508 - Certification Pay	13,841	13,800	13,717	14,200	14,200
509 - Severance Pay	-	-	14,975	-	-
510 - Debt Service	72,776	74,960	74,960	77,209	77,209
511 - Interest Expense	22,180	19,997	19,997	17,748	17,748
520 - Software & Computer Services	65,136	83,000	62,174	112,300	112,300
521 - Utilities	46,040	51,000	43,972	48,000	48,000
522 - Dues, Memberships & Subscriptions	9,204	11,800	10,204	12,500	12,500
523 - Postage & Shipping	4,610	4,100	3,354	4,100	4,100
524 - Code Supplements	2,239	2,500	3,431	2,500	2,500
525 - Public Relations	6,271	10,000	9,866	10,000	10,000
526 - Employee Relations	2,771	5,000	2,725	4,000	4,000
527 - Election Expense	11,336	12,000	18,000	40,000	40,000
528 - Insurance & Bonds	66,911	70,000	62,131	65,000	65,000
529 - Contract Inspection Services	-	-	1,675	10,000	10,000
530 - Legal Services	24,166	25,000	19,831	22,000	22,000
531 - Audit Expense	12,051	17,500	20,771	22,000	22,000
532 - Travel & Training	16,300	28,500	13,931	25,000	25,000
533 - Radio Maintenance	2,520	2,800	2,520	2,800	2,800
534 - Vehicle & Equipment Maintenance	37,273	35,000	32,805	33,000	33,000
535 - Building & Property Maintenance	15,489	29,000	25,669	107,500	107,500
536 - Emergency Management Expenses	1,494	2,500	3,165	5,000	5,000
537 - Ambulance Services	29,975	35,000	35,000	35,000	35,000
538 - Animal Control Services	5,849	9,000	8,500	9,000	9,000
539 - Jail and Dispatch Services	16,760	17,500	6,440	17,500	17,500
540 - Pool Operation	33,463	34,000	31,892	34,000	34,000
541 - Concert Series (Jammin' on Jarboe)	-	-	-	-	-
542 - Fuel	30,396	31,500	19,624	29,600	29,600
543 - Children's Library	183	500	-	-	-
545 - Uniforms	5,479	7,415	6,613	7,700	7,700
546 - Other Contractual Expense	78,182	197,660	80,487	81,300	81,300
547 - Communications	544	1,500	272	750	750
548 - Hurricane Harvey Expenses	122,292	51,661	6,163	-	-

# 2020-21 City of Clear Lake Shores Annual Budget

## Line Item Summary

GENERAL FUND					
Line Items	FY19 Actual	FY20 Budget	FY20 Estimate	FY21 Request	FY21 Approved
550 - Street Repair Materials	106	1,500	600	1,000	1,000
551 - Signs	1,261	1,000	2,271	2,000	2,000
552 - Safety Equipment & Supplies	2,505	5,200	695	5,200	5,200
553 - Janitorial	7,837	8,000	7,800	8,000	8,000
554 - Printed Materials	6,130	3,000	1,273	5,000	5,000
555 - Other Miscellaneous Supplies	26,265	48,000	24,518	37,700	37,700
556 - Mosquito Spray Concentrate	4	500	500	500	500
557 - Small Tools & Equipment	309	500	60	500	500
558 - Landscaping & Beautification	-	-	-	-	-
590 - Vehicles & Accessories	-	-	-	-	-
591 - Machinery & Equipment	-	-	-	-	-
592 - Radios	-	6,500	-	6,500	6,500
592 - Capital Outlay -Land	-	-	301,167	-	-
593 - Office Equipment	2,975	3,500	-	4,500	4,500
594 - Buildings & Structures	-	-	900	5,000	5,000
595 - Landscaping Services	86,980	100,000	86,595	100,000	100,000
596 - Other Improvements	23,480	15,000	10,000	60,000	60,000
Restricted Funds:					
Child Safety	1,739	2,500	1,000	2,500	2,500
Court Technology	5,334	6,000	11,000	5,000	5,000
Court Security	6,446	7,000	6,500	5,000	5,000
Public TV	-	-	-	-	-
Police Restricted Funds	10,724	7,000	500	7,000	7,000
Transfer to Other Funds	180,000	120,000	120,000	140,000	140,000
<b>TOTAL</b>	<b>\$ 2,571,685</b>	<b>\$ 2,709,175</b>	<b>\$ 2,704,581</b>	<b>\$ 2,795,286</b>	<b>\$ 2,795,286</b>



## 2020-21 Clear Lake Shores Annual Budget Personnel Summary

GENERAL FUND					
Department	FY19 Actual	FY20 Budget	FY20 Estimate	FY21 Request	FY21 Approved
City Council	0	0	0	0	0
Administration	1	1.5	1.5	1.5	1.5
City Secretary/Municipal Court	3.5	3.5	3.5	3.5	3.5
Police	9.5	10.5	10.5	10.5	10.5
Building Inspection	2	2	2	2	2
Swimming Pool	0	0	0	0	0
Public Works	2	2	2	2	2
Public Safety	0	0	0	0	0
General Government	0	0	0	0	0
<b>TOTAL</b>	<b>18</b>	<b>19.5</b>	<b>19.5</b>	<b>19.5</b>	<b>19.5</b>

## 2020-21 City of Clear Lake Shores Annual Budget

### CITY COUNCIL

Account	Description	FY19 Actual	FY20 Budget	FY20 Estimate	FY21 Request	FY21 Approved
110522	Dues, Memberships & Subscriptions	\$ 901	\$ 3,500	\$ 5,291	\$ 5,000	\$ 5,000
110525	Public Relations	6,271	10,000	9,866	10,000	10,000
110526	Employee Relations	2,771	5,000	2,725	4,000	4,000
110527	Election Expense	11,336	12,000	18,000	40,000	40,000
110530	Legal Expense	24,166	25,000	19,831	22,000	22,000
110532	Travel & Training	1,346	2,500	2,490	5,000	5,000
110546	Other Contractual Services	335	10,000	6,900	-	-
110555	Other Miscellaneous Supplies	539	500	289	500	500
110593	Office Equipment & Furnishings	813	-	-	-	-
<b>Total City Council</b>		<b>\$ 48,478</b>	<b>\$ 68,500</b>	<b>\$ 65,392</b>	<b>\$ 86,500</b>	<b>\$ 86,500</b>

#### City Council Explanations:

- 110522 Galv. County Mayors & Councilmans Assn., Clear Lake Chamber of Commerce, League City Regional COC.
- 110525 Children's Snow Party, Chamber Boat Parade Sponsor, Chamber events, CCEF Leader in ME, Volunteer Appreciation Christmas Dinner.
- 110526 Employee Appreciation Christmas Dinner and Recognitions.
- 110527 General Election Costs (voting machines, ballot, supplies & clerks). -Nov 2020 and May 2021
- 110530 Costs of City Attorney (based on most recent fiscal years.)
- 110532 Costs to attend various seminars, training courses, etc. New council member training.
- 110546 No anticipated costs
- 110555 Council business cards, shirts & supplies.

## 2020-21 City of Clear Lake Shores Annual Budget

### ADMINISTRATION

Account	Description	FY19 Actual	FY20 Budget	FY20 Estimate	FY21 Request	FY21 Approved
111501	Wages & Salaries	\$ 97,574	\$ 100,116	\$ 119,950	\$ 125,000	\$ 125,000
111503	Medicare Tax	1,349	1,360	1,643	1,700	1,700
111504	Retirement	10,872	10,673	10,836	11,000	11,000
111505	Life, Medical, Dental and FSA	14,284	14,350	14,498	15,222	15,222
111520	Software & Computer Services	-	1,000	2,000	2,000	2,000
111522	Dues, Memberships & Subscriptions	576	1,000	312	500	500
111532	Travel & Training	2,974	5,000	1,519	3,000	3,000
111546	Other Contractual Services	34,126	64,000	33,600	41,000	41,000
111555	Other Miscellaneous Supplies	394	10,000	325	5,000	5,000
111593	Office Furniture & Equipment	327	1,000	-	2,000	2,000
						-
	<b>Total Administration</b>	<b>\$ 162,476</b>	<b>\$ 208,499</b>	<b>\$ 184,683</b>	<b>\$ 206,422</b>	<b>\$ 206,422</b>

#### Administration Explanations:

111501	Base \$99628 includes car allowance. 3% merit based-increase pool added. Communications Staffer P/T \$20+/hr
111504	Retirement -10.79% ( Oct-Dec 2020) & 10.90% (Jan-Sep 2021) of salaries.
111505	Costs for new year will not be known until renewal in December 2020; 5% holder entered in budget over FY20.
111520	Computer related services; software; hardware. SonicWall replacement at Clubhouse.
111522	TMCA, GFOA dues & memberships.
111532	TML, TDEM and TCMA conferences and related training sessions.
111546	Accountant's Fees, City Administrator cell phone, VOIP integration/Service
111555	Office supplies (paper, printer ink, pens) Technology , monitors, microphones. Communications Specialist laptop
111593	Office furniture or equipment purchases if needed for Administration (\$1200 PD Squadroom chairs).

## 2020-21 City of Clear Lake Shores Annual Budget

### CITY SECRETARY/MUNICIPAL COURT

Account	Description	FY19 Actual	FY20 Budget	FY20 Estimate	FY21 Request	FY21 Approved
112501	Wages & Salaries	\$ 145,488	\$ 164,570	\$ 164,812	\$ 169,507	\$ 169,507
112503	Medicare Tax	2,074	2,333	2,347	2,403	2,403
112504	Retirement	14,194	15,507	15,935	15,972	15,972
112505	Life, Medical & Dental Insurance	24,995	28,200	31,840	33,432	33,432
112520	Software & Computer Services	1,934	2,000	500	15,300	15,300
112522	Dues, Memberships & Subscriptions	320	500	320	500	500
112532	Travel & Training	-	6,000	600	3,000	3,000
112546	Other Contractual Services	18,945	13,860	13,500	14,500	14,500
112555	Other Miscellaneous Supplies	6,828	10,000	4,944	7,000	7,000
112593	Office Furniture & Equipment	1,835	500	-	500	500
112650	Child Safety Expense - Restricted	1,739	2,500	1,000	2,500	2,500
112651	Court Technology- Restricted	5,334	6,000	11,000	5,000	5,000
112653	Court Building Security -Restricted	6,446	7,000	6,500	5,000	5,000
						-
	<b>Total City Secretary/Muni Court.</b>	<b>\$ 230,133</b>	<b>\$ 258,970</b>	<b>\$ 253,298</b>	<b>\$ 274,614</b>	<b>\$ 274,614</b>

#### **City Secretary/Municipal Court Explanations:**

112501	Three full-time positions & one Judge. Can reduce \$16k for 1/2 time clerk to PD.
112501	\$164570 base wages, includes 3% merit-based increase excluding judge.
112504	Retirement -10.79% ( Oct-Dec 2020) & 10.90% (Jan-Sep 2021) of salaries.
112505	Costs for new year will not be known until renewal in December 2020; 5% increase pre-loaded, estimate.
112520	\$1905 counter credit card readers, \$1600 DL reader. Version 10 Incode upgrade \$11,300.
112522	Dues for Municipal Court Clerks and Texas City Secretaries organizations.
112532	Seminars being done virtually.
112546	Prosecutor Fees & Harris County Warrant System Fees. Judge wages moved to 112501 in 2017.
112555	Office supplies for court & city secretary. Increased notification due to COVID-19 restrictions.
112593	Furniture or Equipment if needed for court or city secretary offices.
112650	Promotion supplies for the children's program through CLSPD. (Parades & Give Aways)
112651	Reserved for Municipal Court software annual maintenance & technology related items for court.
112653	Reserved for maintenance of security related items for use in the court.

## 2020-21 City of Clear Lake Shores Annual Budget

### POLICE

Account	Description	FY19 Actual	FY20 Budget	FY20 Estimate	FY21 Request	FY21 Approved
114501	Wages & Salaries	\$ 637,933	\$ 642,798	\$ 603,114	\$ 645,000	\$ 645,000
114502	Overtime	1,396	1,500	-	1,500	1,500
114503	Medicare Tax	9,404	8,989	9,137	9,259	9,259
114504	Retirement	72,481	67,517	70,200	72,306	72,306
114505	Life, Medical & Dental Insurance	124,877	126,000	123,399	129,600	129,600
114506	Police Holiday Pay	21,921	26,000	22,407	24,000	24,000
114507	Certification Pay	13,841	13,800	13,717	14,200	14,200
114509	Severance Pay	-	-	14,975	-	-
114520	Software & Computer Services	10,354	13,000	8,721	13,000	13,000
114522	Dues, Memberships & Subscriptions	2,614	3,300	1,462	3,000	3,000
114532	Travel & Training	7,585	10,000	4,822	9,000	9,000
114533	Radio Maintenance/User Fees	2,520	2,800	2,520	2,800	2,800
114534	Vehicle & Equipment Maintenance	34,746	30,000	25,555	28,000	28,000
114539	Jail/Dispatch Services	16,760	17,500	6,440	17,500	17,500
114542	Fuel & Lube	27,956	30,000	18,381	28,000	28,000
114545	Uniforms	3,297	5,200	4,138	5,200	5,200
114552	Safety Equipment & Supplies	2,505	5,200	695	5,200	5,200
114555	Other Miscellaneous Supplies	11,047	16,000	7,899	15,000	15,000
114592	Radios	-	6,500	-	6,500	6,500
114654	Police Restricted Funds	10,724	7,000	500	7,000	7,000
						-
	<b>Total Police</b>	<b>\$ 1,011,960</b>	<b>\$ 1,033,104</b>	<b>\$ 938,082</b>	<b>\$ 1,036,065</b>	<b>\$ 1,036,065</b>

#### Police Explanations:

114501	No change in staffing is planned. Chief/AC 3% merit-based pool. 2.5% Step Program, 1/2 clerk \$16k.
114501	Step Pay Increases (Longevity) will be applied at anniversary date plus certification pay.
114504	Retirement -10.79% ( Oct-Dec 2020) & 10.90% (Jan-Sep 2021) of salaries.
114505	Costs for new year will not be known until renewal in December 2020; 5% increase pre-loaded, estimate.
115520	MiFi & Hot Spot devices, OSSSI/MFR Annual Fees, new computers. Laptops in cars will be updated to O365 OS.
114522	Chief's and Asst. Chief's dues to IACP, TCOP and TCLEDDS & TLO Subscription.
114532	Training courses required to maintain certification hours.
114534	As vehicles age and add miles, they require more maintenance.
114542	Fuel costs are about the same as last years.
114545	Officer turnover causes an increase in uniform costs.
114552	Includes the cost of the replacement of 4 safety vest as well as other safety related costs.
114555	Police ID cards, warrant postcards, office & evidence supplies, citation books & drug & alcohol testing kits.
114592	Galveston County Emergency Management annual radio airtime for 28 radios.
114654	Items purchased with donations to the CLSPD.

## 2020-21 City of Clear Lake Shores Annual Budget

### BUILDING INSPECTIONS/CODE ENFORCEMENT

Account	Description	FY19 Actual	FY20 Budget	FY20 Estimate	FY21 Request	FY21 Approved
115501	Wages & Salaries	\$ 122,436	\$ 125,626	\$ 125,519	\$ 129,400	\$ 129,400
115503	Medicare Tax	1,758	1,777	1,803	1,830	1,830
115504	Retirement	13,642	13,318	13,624	13,718	13,718
115505	Life, Medical & Dental Insurance	11,893	12,000	11,655	12,600	12,600
115520	Software & Computer Services	1,815	12,000	-	7,000	7,000
115522	Dues, Memberships & Subscriptions	352	500	350	500	500
115529	Contract Inspection Services	-	-	1,675	10,000	10,000
115532	Travel & Training	4,395	5,000	4,500	5,000	5,000
115546	Other Contractual Services	763	800	803	800	800
115555	Other Miscellaneous Supplies	881	1,000	1,198	1,200	1,200
						-
	<b>Total Building Insp./Code Enf.</b>	<b>\$ 157,936</b>	<b>\$ 172,021</b>	<b>\$ 161,127</b>	<b>\$ 182,048</b>	<b>\$ 182,048</b>

**Building Inspection/Code Enforcement Explanations:**

115501	\$125,626 base wages with 3% merit based increase added.
115504	Retirement -10.79% ( Oct-Dec 2020) & 10.90% (Jan-Sep 2021) of salaries.
115505	Costs for new year will not be known until renewal in December 2020; 5% increase pre-loaded, estimate.
115520	Scanning of commercial plans and electronic record.
115522	Inspector and the Asst. City Secretary's dues to various organizations.
115529	Fire Marshal Services.
115532	Inspector and the Asst. City Secretary's travel & training to maintain certifications.
115546	City Building Inspector mobile phone service.



## 2020-21 City of Clear Lake Shores Annual Budget

### PUBLIC WORKS

Account	Description	FY19 Actual	FY20 Budget	FY20 Estimate	FY21 Request	FY21 Approved
116501	Wages & Salaries	\$ 83,322	\$ 86,049	\$ 86,936	\$ 89,544	\$ 89,544
116502	Overtime	-	250	-	250	250
116503	Medicare Tax	1,052	1,223	1,092	1,260	1,260
116504	Retirement	9,343	9,126	9,435	9,718	9,718
116505	Life, Medical & Dental Insurance	31,047	29,000	30,913	32,458	32,458
116534	Vehicle & Equipment Maintenance	2,527	5,000	7,250	5,000	5,000
116535	Building & Property Maintenance	4,624	10,000	6,200	7,500	7,500
116542	Fuel & Lubricants	2,439	1,500	1,243	1,600	1,600
116545	Uniforms	2,182	2,215	2,475	2,500	2,500
116546	Other Contractual Services	634	1,000	-	-	-
116547	Communications	544	1,500	272	750	750
116550	Street Repair Materials	106	1,500	600	1,000	1,000
116551	Signs	1,261	1,000	2,271	2,000	2,000
116555	Other Miscellaneous Supplies	779	3,000	1,297	1,500	1,500
116556	Mosquito Control	4	500	500	500	500
116557	Small Tools & Equipment	309	500	60	500	500
						-
	<b>Total Public Works</b>	<b>\$ 140,174</b>	<b>\$ 153,363</b>	<b>\$ 150,544</b>	<b>\$ 156,080</b>	<b>\$ 156,080</b>

#### **Public Works Explanations:**

114501	\$86,049 base wages with 3% merit-based adder.
116504	Retirement -10.79% ( Oct-Dec 2020) & 10.90% (Jan-Sep 2021) of salaries.
116505	Costs for new year will not be known until renewal in December 2020; 5% increase pre-loaded, estimate.
116535	Maintenance of city buildings, boat ramps, grounds & parks. Increase is for piped sprinklers in city parks.
116545	Cost of weekly laundering of public works employee's uniforms.
116546	Includes equipment rentals & other services needed for Public Works.)
116547	Monthly costs of radios used by public works.
116550	Material used for street maintenance.
116551	Cost of maintaining traffic & various signs throughout the city as well as new signs.
116555	Items purchased for use in daily maintenance throughout the city.
116556	The cost of Mosquito Dunks.

## 2020-21 City of Clear Lake Shores Annual Budget

### PARKS and POOL

Account	Description	FY19 Actual	FY20 Budget	FY20 Estimate	FY21 Request	FY21 Approved
<b>PARKS</b>						
113535a	Parks Maintenance	\$ 1,028	\$ -	\$ -		\$ -
113558	Landscaping & Beautification	937	-	-	-	-
113594	Buildings & Structures	-	5,000	900	5,000	5,000
	<b>Total Parks</b>	<b>\$ 1,965</b>	<b>\$ 5,000</b>	<b>\$ 900</b>	<b>\$ 5,000</b>	<b>\$ 5,000</b>

**Park Explanations:**

113558 This committee/line item was dissolved. Landscaping for seasonal color added to account 119595.  
 113594 Maintain separate from Pools until these accounts are combined and renumbered in QBP.

### POOL

117535a	Pool Maintenance	\$ 2,283	\$ 9,000	\$ 7,969	\$ 75,000	\$ 75,000
117540	Pool Operations	33,463	34,000	31,892	34,000	34,000
117546	Other Contractual Services	-	3,000	-	-	-
117596	Other Improvements	-	5,000	-	10,000	10,000
	<b>Total Swimming Pool</b>	<b>\$ 35,745</b>	<b>\$ 51,000</b>	<b>\$ 39,861</b>	<b>\$ 119,000</b>	<b>\$ 119,000</b>

**Swimming Pool Explanations:**

117535a Outsourced monthly repairs & maintenance cost. Pool re-plaster/re-tile placeholder.  
 117540 Outsourced cost of pool servicing as well as lifeguards during the months of May, June, July & August.  
 117596 Signage updated in 2020, New furniture 14) chaise lounges \$2919+frt/16) chairs \$2700+frt. Key Code system \$4k

## 2020-21 City of Clear Lake Shores Annual Budget

### PUBLIC SAFETY/EMERGENCY MANAGEMENT

Account	Description	FY19 Actual	FY20 Budget	FY20 Estimate	FY21 Request	FY21 Approved
118536	Emergency Management	1,494	2,500	3,165	5,000	5,000
118537	Ambulance Services	29,975	35,000	35,000	35,000	35,000
118538	Animal Control Services	5,849	9,000	8,500	9,000	9,000
						-
	<b>Total Public Safety/Em. Mgmt.</b>	<b>\$ 37,318</b>	<b>\$ 46,500</b>	<b>\$ 46,665</b>	<b>\$ 49,000</b>	<b>\$ 49,000</b>

**Public Safety/Emergency Management Explanations:**

118536 Blackboard Connect System, supplies as needed for storms, training & travel for EMC.  
 118537 Services provided by GCHD. Possible 'square up' at calendar year end.  
 118538 Contracted amount billed quarterly.

# 2020-21 City of Clear Lake Shores Annual Budget

## GENERAL GOVERNMENT

Account	Description	FY19 Actual	FY20 Budget	FY20 Estimate	FY21 Request	FY21 Approved
119507	Other Employment Services	\$ 527	\$ 1,500	\$ 3,243	\$ 3,500	\$ 3,500
119510	Debt Service	72,776	74,960	74,960	77,209	77,209
119511	Interest Expense	22,180	19,997	19,997	17,748	17,748
119520	Software & Computer Services	51,032	55,000	50,953	75,000	75,000
119521	Utilities	46,040	51,000	43,972	48,000	48,000
119522	Dues, Memberships & Subscriptions	4,441	3,000	2,469	3,000	3,000
119523	Postage & Shipping	4,610	4,100	3,354	4,100	4,100
119524	Code Supplement Service	2,239	2,500	3,431	2,500	2,500
119528	Insurance & Bonds	66,911	70,000	62,131	65,000	65,000
119531	Audit Expense	12,051	17,500	20,771	22,000	22,000
119535	Building & Property Maintenance	6,617	10,000	11,500	25,000	25,000
119543	Children's Library	183	500	-	-	-
119546	Other Contractual Expense	23,378	105,000	25,684	25,000	25,000
119548	Hurricane Harvey Expenses	122,292	51,661	6,163	-	-
119553	Janitorial Expense	7,837	8,000	7,800	8,000	8,000
119554	Printed Materials (Notices etc.)	6,130	3,000	1,273	5,000	5,000
119555	Other Miscellaneous Supplies	5,797	7,500	8,566	7,500	7,500
119592	Capital Outlay -Land	-	-	301,167	-	-
119593	Office Furniture & Equipment	-	2,000	-	2,000	2,000
119595	Landscaping Services	86,980	100,000	86,595	100,000	100,000
119596	Other Improvements	23,480	10,000	10,000	50,000	50,000
	Transfers Out:					
119601	To Roads & Drainage Fund	100,000	100,000	100,000	100,000	100,000
119602	To Capital Equipment	80,000	20,000	20,000	40,000	40,000
	<b>Total General Government</b>	<b>\$ 745,501</b>	<b>\$ 717,218</b>	<b>\$ 864,029</b>	<b>\$ 680,557</b>	<b>\$ 680,557</b>

### General Government Explanations:

- 119507 TXSUI -Texas State Unemployment Insurance adjusts annually based on previous year payout.
- 119510/511 Principal & Interest payment on Lee property purchase.
- 119520 Computer system support, email service, backup services and other computer related services as needed.
- 119520 \$15k New Server, New Managed Network Switches, Updated Gateway
- 119522 Sam's Club, Gulf Coast Coalition, H-GAC, Guidry News, Galveston Daily News, TML, Quickbooks Subscription, ERCOT
- 119546 Credit Card Fees, Leased Copier, FSA Fees, Generator Maintenance.
- 119548 Harvey has been closed out. Costs to settle Hurricane Ike DR-1791
- 119554 Two Elections will be published in addition to any ordinances.
- 119595 Annual grounds maintenance & landscaping contract as well as addition of seasonal color throughout the city.
- 119595 Some savings realized this year as plants weathered seasons and better than in past.
- 119596 Contractual services for development of City Annex site

# SPECIAL REVENUE FUNDS

Special Revenue Funds are established to account for general government financial resources that are restricted by law or contractual agreement to specific purposes other than debt service or major capitol projects. Special revenue Funds exist if the government has resources dedicated to specific purposes.

**Rainy Day Fund:** The Rainy Day Fund includes funds the City has restricted to be used to recover from any disaster the city may experience or in the event the city experiences a serious financial downturn and additional revenue is needed to support basic city operations. First appeared Ordinance 2003-08, on September 2, 2003. In August 2020 Rainy Day Fund was merged into the General Fund.

**Capital Equipment Fund:** The Capital Equipment Fund was established by Resolution 2015-7, on April 7, 2015. The Fund was established to fund the acquisition and replacement of vehicles and other capital equipment. It allows the City Administrator, economic conditions permitting, to include in the annual budget an allocation of funds to be transferred from General Fund to Capital Equipment Fund. The transferred funds equal the calculated depreciation of existing equipment, so that over time, the Fund will develop a sufficient level of funding to pay for new and replacement vehicles and equipment without the need to incur debt. Only vehicles having an initial cost exceeding \$5,000 (five thousand dollars) shall be purchased by the Fund and the expenditure of the funds from this fund, shall be approved by the City Council.

## 2020-21 City of Clear Lake Shores Annual Budget

CAPITAL EQUIPMENT FUND						
Revenue						

Account	Description	FY19 Actual	FY20 Budget	FY20 Estimate	FY21 Request	FY21 Approved
400480	Interest Earnings	\$ 5,058	\$ 5,000	\$ 3,217	\$ 3,500	\$ 3,500
400610	Transfers In from General Fund	80,000	20,000	20,000	40,000	40,000
	<b>Total Revenue</b>	<b>\$ 85,058</b>	<b>\$ 25,000</b>	<b>\$ 23,217</b>	<b>\$ 43,500</b>	<b>\$ 43,500</b>

Expenditures						
414590	Vehicles & Accessories (Police)	\$ -	\$ 80,000	\$ 72,738	\$ -	\$ -
416590	Vehicles & Accessories (Public Works)	-	-	-	35,000	35,000
	<b>Total Expenditures</b>	<b>\$ -</b>	<b>\$ 80,000</b>	<b>\$ 72,738</b>	<b>\$ 35,000</b>	<b>\$ 35,000</b>

Financial Plan for the Year						
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Expected Fund Balance 10/1	\$ 201,300	\$ 286,358	\$ 286,358	\$ 236,837	\$ 236,837
Add: Revenue/Transfers In	85,058	25,000	23,217	43,500	43,500
Total Available for Appropriation	\$ 286,358	\$ 311,358	\$ 309,575	\$ 280,337	\$ 280,337
Less: Estimated Expenditures	-	80,000	72,738	35,000	35,000
Expected Fund Balance 9/30	\$ 286,358	\$ 231,358	\$ 236,837	\$ 245,337	\$ 245,337

**Explanations:**

414590 Purchase w/trade or refurbishment of existing backhoe (1997 model). Identifying costs.



# 2020-21 City of Clear Lake Shores Annual Budget

## CAPITAL EQUIPMENT FUND

Account	Description	FY19 Actual	FY20 Budget	FY20 Estimate	FY21 Request	FY21 Approved
414590	Vehicles & Accessories (Police)	\$ -	\$ 80,000	\$ 72,738	\$ -	\$ -
416590	Vehicles & Accessories (Public Works)	-	-	-	35,000	35,000
<b>TOTAL</b>		<b>\$ -</b>	<b>\$ 80,000</b>	<b>\$ 72,738</b>	<b>\$ 35,000</b>	<b>\$ 35,000</b>

# CAPITAL PROJECTS FUND

Capital Project Funds are established to account for financial resources that are to be used to construct or otherwise acquire major, long-lived general government capital facilities – such as buildings, streets, highways, storm water drainage systems and bridges. Their principal purpose is to ensure and demonstrate the economical and legal expenditure of the dedicated financial resources, but they can also serve as cost accounting mechanisms for major capital outlay projects. Capital Project Funds must be used whenever they are legally or contractually required – even for non-major capital asset acquisitions or construction projects. They may also be used to account for any significant general government capital asset acquisition.

## 2020-21 City of Clear Lake Shores Annual Budget

ROADS & DRAINAGE						
Revenue						

Account	Description	FY19 Actual	FY20 Budget	FY20 Estimate	FY21 Request	FY21 Approved
200406	Dedicated Sales Tax	\$ 266,962	\$ 260,000	\$ 275,300	\$ 280,000	\$ 280,000
200480	Interest Earnings	19,576	18,500	12,175	11,800	11,800
200610	Transfers In from General Fund	100,000	100,000	100,000	100,000	100,000
	<b>Total Revenue</b>	<b>\$ 386,538</b>	<b>\$ 378,500</b>	<b>\$ 387,475</b>	<b>\$ 391,800</b>	<b>\$ 391,800</b>

Expenditures						
216546	Other Contractual Services	\$ 22,395	\$ 30,000	\$ 2,593	\$ 80,000	\$ 80,000
216595	Other Infrastructure Improvements	244,260	450,000	-	550,000	550,000
	<b>Total Expenditures</b>	<b>\$ 266,655</b>	<b>\$ 480,000</b>	<b>\$ 2,593</b>	<b>\$ 630,000</b>	<b>\$ 630,000</b>

Financial Plan for the Year						
	Expected Fund Balance 10/1	\$ 829,137	\$ 949,020	\$ 949,020	\$ 1,333,902	\$ 1,333,902
	Add: Revenue/Transfers In	386,538	378,500	387,475	391,800	391,800
	Total Available for Appropriation	\$ 1,215,675	\$ 1,327,520	\$ 1,336,495	\$ 1,725,702	\$ 1,725,702
	Less: Estimated Expenditures	266,655	480,000	2,593	630,000	630,000
	Expected Fund Balance 9/30	\$ 949,020	\$ 847,520	\$ 1,333,902	\$ 1,095,702	\$ 1,095,702

**Explanations:**

- 216546 Engineering fees on multiple street improvement projects.
- 216546 May have costs to bore streets to base to determine plan of action on roads.
- 216595 \$25k crack sealing and striping /\$25k road repairs plus planned projects of \$500,000.

# 2020-21 City of Clear Lake Shores Annual Budget

## ROADS & DRAINAGE FUND

Account	Description	FY19 Actual	FY20 Budget	FY20 Estimate	FY21 Request	FY21 Approved
216546	Other Contractual Services	\$ 22,395	\$ 30,000	\$ 2,593	\$ 80,000	\$ 80,000
216595	Other Infrastructure Improvements	244,260	450,000	-	550,000	550,000
<b>TOTAL</b>		<b>\$ 266,655</b>	<b>\$ 480,000</b>	<b>\$ 2,593</b>	<b>\$ 630,000</b>	<b>\$ 630,000</b>

# COMPONENT UNITS

A governmental component unit is a legally separate organization that may be fiscally dependent on the primary government. An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval by the primary government.

**Plaza Ten 06 Corporation:** The Plaza Ten 06 Corporation is a non-profit corporation and is a local government corporation organized by the City pursuant to Subchapter D of Chapter 431 of the Texas Transportation Code for acquiring land and /or buildings within the City limits or extraterritorial jurisdiction (ETJ) of the City and the subsequent planning for and redevelopment of such properties (Resolution 2008-06, April 16, 2008). The Board of Directors consists of five members appointed by, and who serve at the discretion of, the City Council. City Council approval is required for annual budgets and bonded debt issuance. The City Council may dissolve the Corporation at any time with a majority vote and, in the event of dissolution, net position of the Corporation shall be conveyed to the City.

**Economic Development Corporation (EDC):** The EDC was developed by the City after voters approved and additional sales tax (Resolution 99-14, May 18, 1999). The corporation was created under the Texas Development Corporation Act of 1979 which allows City's to collect sales tax for the purpose of promoting, assisting and enhancing economic and development activities on behalf of the City. The Board of Directors are appointed by and serve at the discretion of the City Council. City Council approval is required for annual budgets and bonded debt issuance. In the event of dissolution, net position of the EDC shall be conveyed to the City.

## 2020-21 City of Clear Lake Shores Annual Budget

PLAZA TEN 06 CORPORATION						
Revenue						

Account	Description	FY19 Actual	FY20 Budget	FY20 Estimate	FY21 Request	FY21 Approved
800480	Interest Income	\$ 792	\$ 1,100	\$ 657	\$ 750	\$ 750
800488	Lease Revenue -Okie's	20,000	24,000	24,360	24,000	24,000
	<b>Total Revenue</b>	<b>\$ 20,792</b>	<b>\$ 25,100</b>	<b>\$ 25,017</b>	<b>\$ 24,750</b>	<b>\$ 24,750</b>

Expenditures						
	Plaza Ten 06 Corporation	\$ 670	\$ 1,700	\$ 4,037	\$ 2,500	\$ 2,000
	<b>Total Expenditures</b>	<b>\$ 670</b>	<b>\$ 1,700</b>	<b>\$ 4,037</b>	<b>\$ 2,500</b>	<b>\$ 2,000</b>

Financial Plan for the Year						
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Expected Fund Balance 10/1	\$ 26,982	\$ 47,104	\$ 47,104	\$ 68,085	\$ 68,085
Add: Revenue/Transfers In	20,792	25,100	25,017	24,750	24,750
Total Available for Appropriation	\$ 47,774	\$ 72,204	\$ 72,121	\$ 92,835	\$ 92,835
Less: Estimated Expenditures	670	1,700	4,037	2,500	2,000
Expected Fund Balance 9/30	\$ 47,104	\$ 70,504	\$ 68,085	\$ 90,335	\$ 90,835

**Explanations:**

800488 Recommend keeping a small balance for any unexpected costs regarding property or building.

## 2020-21 City of Clear Lake Shores Annual Budget

### PLAZA TEN 06 CORPORATION

Account	Description	FY19 Actual	FY20 Budget	FY20 Estimate	FY21 Request	FY21 Approved
825521	Utilities	\$ 670	\$ 700	\$ 922	\$ 1,000	\$ 1,000
825528	Insurance & Bonds	-	1,000	-	1,000	1,000
825546	Other Contractual Services	-	-	3,115	-	-
825555	Other Miscellaneous Supplies	-	-	-	-	-
	<b>TOTAL</b>	<b>\$ 670</b>	<b>\$ 1,700</b>	<b>\$ 4,037</b>	<b>\$ 2,000</b>	<b>\$ 2,000</b>

**Explanations:**

825521 Utilities for food truck lot, adjacent lot owned by City.  
825528 Bonding of 100k for officers of Plaza 10-06 Corp.  
825546 Gas line install (\$1900)/Roof repairs (\$1200).

## 2020-21 City of Clear Lake Shores Annual Budget

### ECONOMIC DEVELOPMENT CORPORATION

#### Revenue

Account	Description	FY19 Actual	FY20 Budget	FY20 Estimate	FY21 Request	FY21 Approved
900406	Dedicated Sales Tax	\$ 266,962	\$ 260,000	\$ 275,300	\$ 280,000	\$ 280,000
900478	Okie's Operational Revenue	1,532	-	-	-	-
900480	Interest Income	22,562	18,500	9,674	9,000	9,000
	<b>Total Revenue</b>	<b>\$ 291,056</b>	<b>\$ 278,500</b>	<b>\$ 284,974</b>	<b>\$ 289,000</b>	<b>\$ 289,000</b>

#### Expenditures

Economic Development Corporation	\$ 155,781	\$ 753,500	\$ 452,689	\$ 668,500	\$ 668,500
<b>Total Expenditures</b>	<b>\$ 155,781</b>	<b>\$ 753,500</b>	<b>\$ 452,689</b>	<b>\$ 668,500</b>	<b>\$ 668,500</b>

#### Financial Plan for the Year

Expected Fund Balance 10/1	\$ 885,802	\$ 1,021,077	\$ 1,021,077	\$ 853,363	\$ 853,363
Add: Revenue/Transfers In	291,056	278,500	284,974	289,000	289,000
Total Available for Appropriation	\$ 1,176,859	\$ 1,299,577	\$ 1,306,051	\$ 1,142,363	\$ 1,142,363
Less: Estimated Expenditures	155,781	753,500	452,689	668,500	668,500
Expected Fund Balance 9/30	\$ 1,021,077	\$ 546,077	\$ 853,363	\$ 473,863	\$ 473,863



## 2020-21 City of Clear Lake Shores Annual Budget

### ECONOMIC DEVELOPMENT CORPORATION

Account	Description	FY19 Actual	FY20 Budget	FY20 Estimate	FY21 Request	FY21 Approved
926522	Dues, Memberships & Subscriptions	\$ 4,500	\$ 5,000	\$ 4,500	\$ 5,000	\$ 5,000
926532	Travel & Training	833	3,500	350	3,500	3,500
926541	Concert Series	9,790	12,000	10,050	12,000	12,000
926546	Other Contractual Services	34,570	45,000	45,327	45,000	45,000
926554	Printed Materials	-	1,000	3,000	1,000	1,000
926595	Other Infrastructure Improvements	-	167,000	15,000	152,000	152,000
926595	Dror Ave Project with Kemah/Galveston Co.		350,000	-	350,000	350,000
926595e	Clear Lake Road Public Parking		130,000	88,976	100,000	100,000
926596	True North Marine 380 Grant	85,489	40,000	39,510	-	-
926700	Capital Contributions	20,600	-	245,976	-	-
						-
	<b>TOTAL</b>	<b>\$ 155,781</b>	<b>\$ 753,500</b>	<b>\$ 452,689</b>	<b>\$ 668,500</b>	<b>\$ 668,500</b>

**Explanations:**

926541 \$10K for entertainment/\$2K security  
 926554 With logo change new materials rolled out.  
 926595 Shellbottom Texas Park and Wildlife Grant (75% reimburse) \$152K, \$114K reimburse.  
 926595 Possible land acquisition for additional parking and building site.  
 926595e Construction completed. Phase two is landscaping, irrigation, lighting.  
 926596 380 agreement completed, True North to make performance thresholds.  
 926700 EDC Offered COVID-19 Business Retention Grants

# The Daily News.

P.O. Box 628  
Galveston, TX 75544  
(409) 683-5200

## STATE OF TEXAS COUNTY OF GALVESTON

Jana Knoell, being duly sworn, says:

That she is Jana Knoell of THE GALVESTON COUNTY DAILY NEWS, a daily newspaper of general circulation, printed and published, a copy of which is attached hereto, was published in the said newspaper on the following dates:  
08/14/20

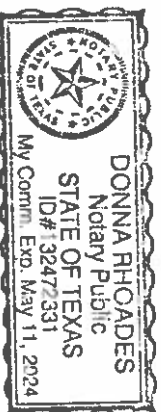
That said newspaper was regularly issued and circulated on those dates.

Signed: Jana Knoell  
Jana Knoell

Subscribed to and sworn to me this 28th day of August, 2020

Donna Rhoades  
Donna Rhoades  
Notary Public, State of Texas, Galveston County, TX  
My commission expires: May 11, 2024

City of Clear Lake Shores  
Charles Scoville  
1210 Ivy Road  
Clear Lake Shores, TX 77565



## Affidavit of Publication

### NOTICE OF PUBLIC HEARING ON THE CITY OF CLEAR LAKE SHORES FY2021 BUDGET

The City of Clear Lake Shores hereby gives notice that it will hold a public hearing on September 1, 2020 at 6:30 pm during the regular City Council meeting. The location of the public hearing is via videoconference: Zoom Video Meeting - Meeting ID: 761 428 4662 Password: 1006. One tap mobile calling: +13462487799, 7614284662# US (Houston)

All citizens are urged to appear and make comments on the proposed budget. The proposed budget is presented below in summary form. The detailed proposed budget may be viewed at City Hall, 1006 S. Shore Dr., Clear Lake Shores, Texas during regular business hours (Mon thru Thurs, 8:00 am to 5:00 pm and Friday 8:00 am to 12:00 pm noon, excluding holidays).

If you are disabled and require any accommodations in order to present your comments, a 48 hour advance notice to the City Secretary is appreciated. The City Secretary may be contacted at 281-334-2799.

Published August 14, 2020

# REFERENCE MATERIAL

Texas Municipal Retirement System

FY21 Holiday Schedule



June 4, 2020

City # 00263

City Official  
City of Clear Lake Shores  
1006 South Shore Drive  
Clear Lake Shores, TX 77565

**Subject: 2021 Municipal Contribution Rate**

Dear City Official:

Presented below are your city's contribution requirements to the Texas Municipal Retirement System (TMRS) for Plan Year 2021 (Calendar Year 2021, PY2021) as determined by the December 31, 2019 actuarial valuation. The actuarially determined contribution rates for retirement benefits and Supplemental Death Benefits (SDB), if any, are based on your city's plan provisions in effect as of April 1, 2020 and the actuarial assumptions and methods adopted by the TMRS Board. Effective January 1, 2021, your city's monthly contribution rates will be:

Normal Cost	9.06%
Prior Service	<u>1.71%</u>
Total Retirement Rate	10.77%
Supplemental Death Benefit	<u>0.13%</u>
Total Combined Contribution	10.90%

Full information on your contribution rate, including an explanation of changes and available rate stabilization techniques, is contained in the attached report. The Total Retirement Rate shown above represents the Actuarially Determined Employer Contribution (ADEC) for PY2021 based on current TMRS funding policy.

The actuarial liabilities and contribution rates determined as part of the December 31, 2019 actuarial valuation reflect a change in actuarial assumptions based on the results of the 2019 experience study for the period ending December 31, 2018. Please see the "Actuarial Changes" section for more detailed information. Full information on your contribution rate, including an explanation of changes, is contained in the attached report.

**IMPORTANT NOTE: The pension disclosure and financial statement information necessary to assist your city with the financial reporting requirements of the Governmental Accounting Standards Board (GASB) will be provided in a separate document available later this summer.**

If you have questions about your rate or if you wish to evaluate potential changes in your TMRS plan, contact TMRS at 800-924-8677.

Sincerely,

Leslie S. Hardy, ASA/EA, FCA, MA/AA  
Director of Actuarial Services

TMRS  
P.O. Box 149153  
Austin, Texas 78714-0153

[www.tmrsonline.com](http://www.tmrsonline.com)

512.476.7577  
Toll-Free 800.924.8677  
Fax 512.476.5576

## Table of Contents

<b>Actuarial Changes</b>	A summary of the changes in actuarial assumptions and methods adopted by the Board and effective with the December 31, 2019 actuarial valuation based on the results of the 2019 experience study.
<b>Rate Stabilization Techniques</b>	A summary of the techniques currently available to assist cities in stabilizing their contribution rate including managing a funding surplus.
<b>Executive Summary</b>	A comparison of the highlights of the December 31, 2019 and December 31, 2018 actuarial valuations for your city. Included are membership counts, asset information, actuarial information, and contribution rate requirements.
<b>Calculation of Contribution Requirements</b>	Details the calculation of the Full Retirement Rate (TMRS Plan Year - ADEC) and the Supplemental Death Rate, if applicable, for your city. Comparisons before and after the actuarial changes and to the 2018 actuarial valuation results are included.
<b>Summary of Benefit Provisions</b>	A summary of plan provisions in effect as of April 1, 2020.
<b>Amortization Bases and Payments</b>	Information on the amortization bases and payments for your city.
<b>Historical and Projected Accumulation of the BAF Balance</b>	This schedule provides your city with historical cash flows, interest credits and the year-end balance of its Benefit Accumulation Fund (BAF), as well as projected values for calendar plan years 2020 and 2021.
<b>Reconciliation of Full Retirement Rate from Prior Actuarial Valuation Report</b>	A detailed reconciliation of changes in your city's Full Retirement Rate (ADDEC) since the prior valuation.
<b>Risks Associated with Measuring the Accrued Liability and Actuarially Determined Contribution</b>	An explanation of risk measurements and how a 10% decline in assets will impact your city's Full Retirement Rate (ADEC).

## Actuarial Changes

As part of their continued effort to ensure that TMRS is well funded and that members' benefits remain secure and sustainable over generations, the TMRS Board of Trustees adopted the actuarial changes summarized below at its October 2019 Board meeting, based on the results of the 2019 experience study and the recommendations of the System's consulting actuary. Gabriel Roeder Smith & Company (GRS). The combined impact of the following actuarial changes is shown in the "Reconciliation of Full Retirement Rate from Prior Actuarial Valuation Report" section of this letter.

### *Actuarial Assumption Changes*

The TMRS Act requires that at least once every 5 years, the System's consulting actuary perform an actuarial experience study and make recommendations to the Board based on the results of that study. Current Board policy is to conduct an actuarial experience study every four years. Accordingly, during 2019, TMRS' consulting actuary, GRS, conducted an experience study for the period ending December 31, 2018. A single set of assumptions is not expected to be suitable forever. As the actual experience of a plan unfolds or the future expectations change, the assumptions should be reviewed and adjusted accordingly. The actuarial assumptions used in the annual actuarial valuations and reviewed as part of the experience study are generally grouped into the following two major categories:

1. Economic assumptions – investment return, salary increases, overall payroll growth, inflation
2. Demographic assumptions – rates of termination, forfeiture, service retirement, disability retirement, pre-retirement mortality, post-retirement mortality

The Board adopted several changes in actuarial assumptions including, but not limited to:

- Slightly modified the step rate portion of the individual salary scale assumption based on recent trends and experience while keeping the ultimate salary increase at 3.5%.
- Introduced a load on the Updated Service Credit calculation equal to 0.1% per year into the future to reflect the asymmetric accrual pattern associated with this benefit formula.
- Decreased the current maximum payroll growth rate assumption from 3.00% to 2.75% to recognize some revenue pressure from a maturing population and changes in the property tax provisions while continuing to include a further reduction for some cities based on patterns of population decline.
- Updated the base mortality tables for healthy retirees to the client specific 2019 Municipal Retirees of Texas mortality tables using the actual mortality experience in TMRS data through December 31, 2018. Continued using a fully generational approach in projecting future mortality rates, but updated the projection scale to the ultimate rates of the MP Scales (Scale UMP).
- Updated the pre-retirement mortality tables to the PUB (10) mortality tables.
- Slightly increased the rates of termination and made small adjustments to the classification and individual city multipliers.
- Simplified and updated the service retirement rate tables.
- Slightly decreased the forfeiture rates (withdrawal of member deposits) for vested members not eligible for retirement.

### *Asset Valuation (Smoothing) Method Modification*

In determining the Actuarial Value of Assets (AVA), decreased the "soft" corridor limit around the Market Value of Assets (MVA) from 15% to 12%. There were no other changes to the current 10-year asset smoothing method.

### *Amortization Policy Modifications*

In TMRs, for underfunded plans, amortization of the Unfunded Actuarial Accrued Liability (UAAL) is a level percentage of payroll over a closed period using the process of "laddering" which separately tracks different amortization components or bases. For all new losses occurring after December 31, 2019 and benefit enhancements on or after January 1, 2021, the maximum amortization period is decreased from 25 years to 20 years for all cities. All prior amortization bases will continue to be amortized on their original schedule. This change will have no impact on the December 31, 2019 actuarial valuation, but will affect future valuations.

Decreased the level dollar amortization period for ad hoc benefit enhancements effective on or after January 1, 2021 from 15 years to 12 years.

Beginning with the December 31, 2019 valuation, once a City reaches an "overfunded" status, all prior amortization bases (ad hoc and non-ad hoc) are erased and an amount of the surplus is credited against the contribution rate to keep the funded ratio constant at the current level. Previously, the contribution rate credit was based on a 25-year open amortization policy.

### *Supplemental Death Benefit Fund Premiums*

The premium for retirees will now be based on the full \$7,500 benefit versus the \$2,500 benefit previously used. There will now be a credit against premiums for active employees equal to 2% of the fund balance as of the valuation date expressed as a percentage of covered payroll for participating cities.

## Rate Stabilization Techniques

Contribution rate stabilization is a strategic goal of the TMRS Board of Trustees. Since 2007, the Board has approved many actuarial changes to minimize short-term volatility in contribution rates while maximizing long-term System sustainability. Even so, some cities continue to experience significant changes in their annual contribution rates. Under the current funding policy in which rates are actuarially determined each year, contribution rate stabilization is fully optimized at the System level; therefore, any further rate stabilization must be achieved at the city level.

The most effective way for a city to stabilize its TMRS contribution rate is to determine, during its budget process, an affordable contribution rate that exceeds the required, calculated contribution rate and continue to pay that same rate, even when the calculated contribution rate goes down. This is particularly true for cities with an Unfunded Actuarial Accrued Liability (U/AAL). These additional monthly contributions at a predetermined fixed rate accomplish the following:

- provides a stable annual contribution rate for budgeting purposes;
- directly reduces the U/AAL;
- accelerates the years needed to attain full funding (i.e. pays off the U/AAL quicker);
- produces cost savings over the long run; and
- provides a contribution rate cushion for future adverse plan experience.

A city can also make one or more lump sum contributions during the year which has a similar impact on the plan's funding status, but is less effective from a rate stabilization perspective.

For cities with an Overfunded Actuarial Accrued Liability (O/AAL or surplus), the calculated contribution rate is determined by decreasing the normal cost rate (the cost of the current year accruals for active employees) by a rate calculated to keep the funded ratio constant at the current level. In most cases, the result is a required contribution less than the normal cost. It is important to note that there is still a chance that adverse experience could result in the funded ratio dropping below 100%. In order to dampen contribution rate volatility and to increase the likelihood of maintaining a funded ratio greater than 100%, TMRS encourages cities in a surplus position to consider paying the full normal cost rate (or as much as possible toward the full normal cost rate) until the funded ratio is at least 110%.

As noted above, additional contributions are entirely voluntary. A city can always revert to paying only the required calculated rate each month if financial circumstances change during the year. There is no formal action that needs to be taken by a city to contribute at a higher level than the required monthly minimum. Additional monthly contributions may be made during the normal payroll reporting process by simply filling out line 2. A. of Form TMRS 3 with the increased employer contribution rate. Lump sum contributions should be reported separately from the regular payroll reporting process and submitted with Form TMRS 3-ADJ.

If your city would like to explore the impact of any of these rate stabilization techniques on your TMRS plan, please contact Leslie Hardy, Director of Actuarial Services, at [hardy@tmrs.com](mailto:hardy@tmrs.com).



## Executive Summary

Valuation as of TMRS Plan Year (PY) Ending	12/31/2019	12/31/2018
Membership as of the Valuation Date <ul style="list-style-type: none"> <li>• Number of <ul style="list-style-type: none"> <li>- Active members 17</li> <li>- Retirees and beneficiaries 5</li> <li>- Inactive members <u>16</u></li> <li>- Total 38</li> </ul> </li> <li>• Prior year's payroll provided by TMRS \$ 1,091,833</li> <li>• Valuation Payroll \$ 1,102,562</li> </ul>		
Benefit Accumulation Fund (BAF) Assets <ul style="list-style-type: none"> <li>• Market BAF Balance \$ 2,160,139</li> <li>• BAF crediting rate for PY 15.42%</li> <li>• Interest credited on beginning BAF balance \$ 269,584</li> <li>• Municipal contributions 118,791</li> <li>• Member contributions during year 65,510</li> <li>• Benefit and refund payments 41,920</li> </ul>		\$ 1,748,174 (3.08%) (51,065) 114,562 61,538 36,485
Actuarial Value of Assets (AVA) <ul style="list-style-type: none"> <li>• Market BAF Balance \$ 2,160,139</li> <li>• Actuarial Value of Assets (AVA) 2,125,792</li> <li>• AVA as a Percentage of BAF 98.4%</li> <li>• Return on AVA 6.81%</li> </ul>		\$ 1,748,174 1,856,911 106.2% 6.62%
Actuarial Information <ul style="list-style-type: none"> <li>• Actuarial accrued liability (AAL) \$ 2,403,376</li> <li>• Actuarial value of assets (AVA) 2,125,792</li> <li>• Unfunded actuarial accrued liability (UAAL) 277,584</li> <li>• UAAL as % of pay 25.4%</li> <li>• Funded ratio (AVA/AAL) 88.5%</li> <li>• Employer normal cost 9.06%</li> <li>• Prior Service Rate 1.71%</li> </ul>		\$ 2,111,144 1,856,911 254,233 24.8% 88.0% 9.01% 1.64%
Contribution Rates for TMRS Plan Year (PY) <ul style="list-style-type: none"> <li>• Member 2021 6.00%</li> <li>• Full retirement rate (ADEC) 10.77%</li> <li>• Supplemental Death rate 0.13%</li> </ul>	2021	2020 6.00% 10.65% 0.14%
Total Employer Contribution Estimates for PY <ul style="list-style-type: none"> <li>• Projected payroll \$ 1,132,882</li> <li>• Combined contribution rate 10.90%</li> <li>• Estimated employer contribution \$ 123,484</li> </ul>	2021	2020 1,035,094 10.79% 111,687

Note: TMRS Plan Year coincides with Calendar Year

Results from prior year reflect the plan provisions used in the 12/31/2019 valuation report.

## Calculation of Contribution Requirements

From Valuation Report as of

December 31, 2019

December 31, 2018

	New Assumptions		Old Assumptions	
1. Prior year's pay roll reported to TAFRS	\$	1,091,833	\$	1,091,833
2. Valuation pay roll		1,102,562		1,102,562
3. Employer normal cost rate		9.06%		9.11%
4. Actuarial liabilities				
a. Active members	\$	1,073,734	\$	1,056,465
b. Inactive members		290,976		293,310
c. Annuitants		<u>1,038,666</u>		<u>1,035,921</u>
d. Total actuarial accrued liability	\$	2,403,376	\$	2,385,696
5. Actuarial value of assets		<u>2,125,792</u>		<u>2,125,792</u>
6. Unfunded actuarial accrued liability (U.A.A.L.) (4d - 5)	\$	277,584	\$	259,904
7. Funded ratio (5 / 4d)		88.5%		89.1%
8. Equivalent Single Amortization Period*		22.2 Years		22.2 Years
9. Assumed payroll growth rate		2.75%		2.90%

Contribution Rate for TAFRS Plan Year	2021	2020
10. Full retirement rate		
a. Normal cost	9.06%	9.01%
b. Prior service	<u>1.71%</u>	<u>1.57%</u>
c. Full retirement rate	10.77%	10.68%
11. Supplemental Death rate	0.13%	0.13%
12. Combined contribution rates (10c + 11)	10.90%	10.81%

\* New Losses are hedged on 22-year period.

## Summary of Benefit Provisions

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City in effect as of April 1, 2020 were as follows:

Employee deposit rate	6%
Matching ratio (city to employee)	2 to 1
Years required for vesting	5
Retirement Eligibility (Age/Service)	60/5, 0/20
Updated Service Credit	100% Repeating Transfers
Annuity Increase (to retirees)	70% of CPI Repeating
Supplemental Death Benefit to Active Employees	Yes
Supplemental Death Benefit to Retirees	Yes

## Amortization Bases and Payments

Year Established	Description	Years Remaining	Base	Payment
2013	2013 Valuation (Fresh Start)	24	\$ 227,231	\$ 14,657
2013	2013 Benefit Change	17	29,993	2,431
2014	2014 Experience	20	14,958	1,084
2015	2015 Experience	21	18,168	1,275
2015	2015 Actuarial Changes	21	14,733	1,034
2016	2016 Experience	24	(43,543)	(2,809)
2017	2017 Experience	24	(9,530)	(615)
2018	2018 Experience	22	2,321	158
2019	2019 Experience	22	5,573	380
2019	2019 Actuarial Changes	22	<u>17,680</u>	<u>1,204</u>
	<b>Total</b>		<b>277,584</b>	<b>18,799</b>

## Historical and Projected Accumulation of the BAF Balance

Year Ending December 31, (1)	Payroll for the Year (2)	Effective Retirement Contribution Rate <sup>a</sup> (3)	Employer Contributions for the Year (4)	Member Contributions for the Year (5)	Benefit Payments (6)	External Cash Flow for the Year (7)	Interest Credit (8)	BAF Balance <sup>b</sup> (9)
		(4) / (2)				(4) + (5) + (6)		
2017	\$ 962,961	11.10%	\$ 106,889	\$ 57,778	\$ (42,854)	\$ 121,813	\$ 177,475	\$ 1,659,624
2018	1,025,626	11.17%	114,562	61,538	(36,485)	139,615	(51,065)	1,748,174
2019	1,091,835	10.88%	118,791	65,510	(41,920)	142,381	269,584	2,160,139
2020	1,102,562	10.65%	117,423	66,154	(104,931)	78,646	145,809	2,384,594
2021	1,132,882	10.77%	122,011	67,973	(89,971)	100,013	160,960	2,645,567

a. Effective retirement contribution rate is the actual rate determined by dividing the employer contribution received by the payroll paid.

b. BAF Balance may not sum due to rounding.

## Reconciliation of Full Retirement Rate from Prior Actuarial Valuation Report

Actuarial valuations are based on long-term assumptions, and actual results in a specific year can, and almost certainly will, differ as actual experience deviates from the assumptions. The following table provides a detailed breakdown of changes in the retirement portion of your city's contribution rate. This analysis reconciles the change in the retirement portion (ADEC) of your city's contribution rate from 2020 to 2021, but will not reflect any change in the cost of the Supplemental Death Benefit (SDB), if your city currently has this provision. (Any changes in the cost of the SDB are primarily due to the changes in the average age of your city's employee group and/or the number of covered retirees.) Following the table below is a brief description of the common sources for deviation from the expected.

Change in Full Retirement Rate	
Full Rate from 12/31/2018 Valuation (PY 2020 Rate)	10.65 %
Benefit changes	0.00 %
Return on Actuarial Value of Assets	0.00
Contribution lag/fully amortized prior bases	(0.07)
Payroll growth	(0.11)
Normal cost	0.10
Liability growth	0.11
Subtotal Experience Change	0.03 %
Actuarial Changes	0.09
Total change	0.12 %
Full Rate from 12/31/2019 Valuation (PY 2021 Rate)	10.77 %

**Benefit Changes** - Shows the increase or decrease in the contribution rate associated with any modifications made to the member city's TMRs plan provisions. This will also include any changes to the amortization period adopted by ordinance.

**Return on Actuarial Value of Assets (AVA)** - Shows the change in the contribution rate associated with the return on the AVA being different than the assumed 6.75%. For the year ending December 31, 2019, the return on an AVA basis was 6.81%. The impact may show as 0.00% due to rounding.

**Contribution Lag/Fully Amortized Prior Bases** - Shows the total increase or decrease in the contribution rate associated with the phase in of contributions and/or any additional contributions above the full rate. The effect of the "Contribution Lag" is also included here and refers to the time delay between the actuarial valuation date and the date the contribution rate becomes effective. For

T.M.R.S member cities, the “Contribution Lag” is one year (i.e., the Actuarial Valuation as of December 31, 2019 sets the rate effective for Calendar Year 2021). The impact of the “Contribution Lag” is expected to become immaterial once a city is contributing the Full Rate and the Full Rate stabilizes.

In addition, it shows the impact of the bases, if any, which became fully amortized as of this valuation since payments for those bases are no longer part of the calculation of the prior service rate.

**Payroll Growth** - Shows the increase or decrease in the contribution rate associated with higher or lower than expected growth in the member city’s overall payroll. The amortization payments were calculated assuming payroll grows at 2.90% per year. Overall payroll growth greater (less) than 2.90% will typically cause a decrease (increase) in the prior service rate.

**Normal Cost** - Shows the increase or decrease in the contribution rate associated with changes in the average normal cost rate for the individual city’s population. The normal cost rate for an employee is the contribution rate which, if applied to a member’s compensation throughout their period of anticipated covered service with the municipality, would be sufficient to meet all benefits payable on their behalf. The salary-weighted average of the individual rates is the total normal cost rate.

**Liability Growth** - Shows the increase or decrease in the contribution rate associated with larger or lower than expected growth in the member city’s overall plan liabilities. The most significant sources for variance will be individual salary increases compared to the assumption and turnover.

## Risks Associated with Measuring the Accrued Liability and Actuarially Determined Contribution

Risks facing a pension plan evolve over time. A young plan with virtually no investments and paying few benefits may experience little investment risk. An older plan with a large number of members in pay status and a significant trust may be much more exposed to investment risk. Generally accepted plan maturity measures include the following:

Ratio of the market value of assets to payroll	2.0
Ratio of actuarial accrued liability to payroll	2.2
Ratio of actives to retirees and beneficiaries	3.4
Net cash flow as a percentage of market value of assets	6.6%
Duration of liabilities	21.3
Change in Contribution Rate with 10% decline in assets (smoothed)	0.13%
Change in Contribution Rate with 10% decline in assets (unsmoothed)	1.31%

**Ratio of Market Value of Assets to Payroll** - The relationship between assets and payroll is a useful indicator of the potential volatility of contributions. For example, if the market value of assets is 4.0 times the payroll, a return on assets 5% different than assumed would equal 20% of payroll. A higher (lower) or increasing (decreasing) level of this maturity measure generally indicates a higher (lower) or increasing (decreasing) volatility in plan sponsor contributions as a percentage of payroll.

**Ratio of Actuarial Accrued Liability to Payroll** - The ratio of liability to payroll may also be used as a measure of sensitivity of the liability itself. For example, if the actuarial accrued liability is 5.0 times the payroll, a change in liability 2% other than assumed would equal 10% of payroll. A higher (lower) or increasing (decreasing) level of this maturity measure generally indicates a higher (lower) or increasing (decreasing) volatility in liability (and also plan sponsor contributions) as a percentage of payroll.

The relationship between the actuarial accrued liability and payroll is a useful indicator of the potential longer term asset-related volatility once the current UAAL is fully amortized. A funding policy that targets a funded ratio of 100% is expected to result in the ratio of assets to payroll and the ratio of liability to payroll converging over time.

**Ratio of Actives to Retirees and Beneficiaries** - A young plan with many active members and few retirees will have a high ratio of active to retirees. A mature open plan may have close to the same number of actives to retirees resulting in a ratio near 1.0. A super-mature or closed plan may have significantly more retirees than actives resulting in a ratio below 1.0.

**Net Cash Flow as a Percentage of Market Value** - A positive net cash flow means contributions exceed benefits and expenses. A negative cash flow means existing funds are being used to make payments. A certain amount of negative net cash flow is generally expected to occur when benefits



are prefunded through a qualified trust. Large negative net cash flows as a percent of assets may indicate a super-mature plan or a need for additional contributions.

**Duration of Liabilities** - The duration of the present value of future benefits may be used to approximate the sensitivity to a 1% change in the assumed rate of return. For example, duration of 10 indicates that the present value of future benefits would increase approximately 10% if the assumed rate of return were lowered 1%. This also is an approximation of the discount-weighted average time horizon of the liability.

**Change in Contribution Rate with 10% Decline in Assets (Smoothed)** - This shows the rate impact in one year if the actuarial value of assets (AVA) was 10% lower than in the current actuarial valuation with the asset loss smoothed over a 10 year period as is done in the system-wide calculation of the AVA.

**Change in Contribution Rate with 10% Decline in Assets (Unsmoothed)** - This shows the rate impact if the actuarial value of assets was 10% lower than in the current actuarial valuation with the full asset loss recognized in the current valuation.

## FY20 HOLIDAY SCHEDULE

Wednesday - November 11 – Veteran’s Day	9 hours
Wed/Thurs/Fri – ½ day Nov.25 and all day 26 & 27 – Thanksgiving	18 hours
Wed/Thurs/Fri – December 23, 24 & 25 – Christmas	22 hours
Thursday/Friday – ½ day Dec. 31 and all day 01/01	9 hours
Monday – February 15 – President’s Day	9 hours
Friday – April 2 – Good Friday (Easter)	4 hours
Monday – May 31 – Memorial Day	9 hours
Monday – July 5 (July 4 <sup>th</sup> observed) – Fourth of July	9 hours
Monday – September 6 – Labor Day	9 hours
Floating Holiday hours	<u>2 hours</u>
<b>TOTAL:</b>	<b>100 hours</b>